

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of

THE NOTICE OF PURCHASED GAS)
ADJUSTMENT FILING OF WESTERN) CASE NO. 6996-Y
LEWIS-RECTORVILLE WATER AND)
GAS)

O R D E R

On June 21, 1978, the Commission issued its Order in Case No. 6996 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On January 29, 1982, Columbia Gas Transmission Corporation ("Transmission") filed with the Federal Energy Regulatory Commission ("FERC") a general rate increase proposed to become effective March 1, 1982.

On February 5, 1982, Western Lewis-Rectorville Water and Gas District ("Western Lewis") notified the Commission that its wholesale cost of gas would be increased by its supplier, Transmission, effective March 1, 1982, and submitted with its notice certain information in compliance with this Commission's Order of June 21, 1978. The notice set out certain revisions in rates which Western Lewis proposed to place in effect, said rates being designed to increase the cost of

natural gas of its supplier in the amount of \$18,366.

On November 9, 1978, the Natural Gas Policy Act of 1978, was signed into law, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation has resulted in higher gas costs to interstate pipeline companies serving the various gas consuming states, including Kentucky. Once the FERC approves the right of these interstate transmission companies to pass this increased cost on to its distribution company customers state commissions must, in turn, pass on the matter to intrastate distributors recovering their increased cost of gas by adjusting their basic rates to their customers.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds that:

1. The Commission has long stated (in writing to FERC) its opposition to the procedures and regulations used by the FERC in approving these supplier increases. We continue to be opposed and are continuing to seek alternative ways to overcome the regulatory inequities which have such a direct impact on the retail consumers.

2. The FERC approval of a wholesale rate increase to a Kentucky gas retailer requires approval

by the Commission of rates that will permit the Kentucky utility to adjust its customer charges to reflect the added purchase cost or alternately the utility must absorb the added cost. We are of the opinion that failure to allow this increase to be passed through to its retail consumers on a timely basis would be unjust to the Company and would ultimately result in higher rates to their consumers in any event.

3. When the FERC "accepts" Transmission's filing, Transmission will begin charging Western Lewis the new rates. This Order cannot be implemented until and unless this occurs.

4. Western Lewis' supplier, Transmission, has filed with the FERC for increased rates to become effective March 1, 1982.

5. This increase reflects Transmission's rates as filed with FERC on January 29, 1982, to be effective March 1, 1982.

6. The Commission should allow Western Lewis to place into effect, subject to refund, the rates in Appendix A as soon as Transmission's filing is "accepted" by FERC.

7. Western Lewis' adjustment in rates under the purchased gas adjustment clause approved by the Commission in its Order in Case No. 6996 dated June 21, 1978, is fair, just and reasonable,

in the public interest and should be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS FURTHER ORDERED that said purchased gas adjustment sought by Western Lewis and adjusted as previously mentioned be and the same is hereby approved to be effective, subject to refund, with gas supplied on and after the date the increased cost of wholesale gas becomes effective, as in Appendix A attached hereto and made a part hereof.

IT IS FURTHER ORDERED that Western Lewis shall maintain its records in such manner as will enable it, or the Commission, or any of its customers to determine the amount to be refunded and to whom due in the event a refund is ordered by the Commission.

IT IS FURTHER ORDERED that for the purpose of the future application of the purchased gas adjustment clause of Western Lewis the base rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Columbia Gas Transmission	-	\$3.8321
Columbia LNG Corporation	-	6.1503*

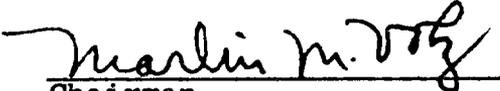
*Includes Transportation Charge of \$.3503

IT IS FURTHER ORDERED that the information furnished this Commission by Western Lewis on February 5, 1982, constitutes full compliance with the Commission's Order No. 6996 and any other information ordinarily required to be filed under the Commission's regulations is hereby waived.

IT IS FURTHER ORDERED that within 30 days after the date the increased cost of wholesale gas becomes effective, Western Lewis shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 26th day of February, 1982.

PUBLIC SERVICE COMMISSION


Chairman

~~Vice Chairman~~

~~Commissioner~~

ATTEST:

Secretary

APPENDIX A

APPENDIX TO AN ORDER OF THE PUBLIC SERVICE
COMMISSION IN CASE NO. 6996-Y DATED
FEBRUARY 26, 1982

The following rates are prescribed for the customers in the area served by Western Lewis-Rectorville Water and Gas District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES:	Monthly	
First	1,000 cu. ft. or less	\$6.94
Next	4,000 cu. ft.	4.8285
Next	5,000 cu. ft.	4.7785
Next	10,000 cu. ft.	4.6785